

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
P. O. Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801)530-6980

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**THE MILLIONAIRE INVESTOR GROUP,  
INC., and  
DANIEL D. DEBENHAM,**

**Respondents.**

**ORDER TO SHOW CAUSE**

**Docket No. SD-06-0013**

**Docket No. SD-06-0014**

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It appears to the Director of the Utah Division of Securities (Director) that The Millionaire Investor Group, Inc. and Daniel D. Debenham (collectively Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

### **STATEMENT OF JURISDICTION**

1. Jurisdiction over the Respondents and the subject matter is appropriate in this matter because the Division alleges that the Respondents violated § 61-1-1 (Securities Fraud) while engaged in the offer and sale of securities in Utah.

### **STATEMENT OF FACTS**

#### **THE PARTIES AND ENTITIES**

2. The Millionaire Investor Group, Inc. (TMIG) is a Utah corporation in good standing. TMIG was registered as a Utah corporation on September 13, 2004. TMIG's business address was 14795 S. Golden Leaf Court, Draper, Utah. Daniel D. Debenham is the registered agent, incorporator, officer, and sole director of TMIG.
3. Daniel D. Debenham (Debenham) is a resident of Salt Lake County, Utah.

#### **GENERAL ALLEGATIONS**

4. From June to August 2005, TMIG and Debenham solicited investments from at least three (Investors) in real estate, and collected approximately \$160,000 of investor money.
5. Investors were told that their funds would be used to as a down payment on homes, which would be improved and then sold for a profit. Investors were also told that they would receive a return of 12% annually from the sale of these homes. Two of the investors were told that the investment was secured by real estate.

(Investor H. J.)

6. Investor H. J. first heard about the investment opportunity in TMIG in or around June 2005.
7. On or about June 25, 2005, H. J. talked to Debenham about investing in TMIG. Debenham said TMIG would pay her 12% annual interest on her investment; that H. J.'s money would be used as a down payment on homes purchased by TMIG; and that when the homes sold, TMIG would pay H. J. her principal plus interest.
8. Debenham offered H. J. a one-month promissory note, but said he needed the investment money fast.
9. On June 30, 2005, H. J. invested \$39,773 in TMIG by wiring the money through an electronic transfer to TMIG's bank account at the Bank of American Fork branch located in Murray, Utah.
10. As evidence of her investment, H. J. received a copy of a promissory note. The note was dated June 30, 2005, had a face value of \$41,600<sup>1</sup>, and matured on July 31, 2005. Debenham's signature appeared on the note as president and CEO of TMIG.
11. Three to four days prior to maturity of H. J.'s note, Debenham called H. J. and offered to renew her note and reinvest the money in TMIG. Debenham said the investment would

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<sup>1</sup>Although H. J. actually invested \$39,773, the face value of her note was \$41,600 because investors received an additional 1 to 2% upon investing.

be the same as the previous note except that it would mature in four months as opposed to one. H. J. agreed to renew her first note with TMIG on those terms.

12. As evidence of her second investment, H. J. received a copy of a second promissory note. The note was dated July 28, 2005, had a face value of \$40,800, and matured on November 27, 2005. Debenham's signature appeared on the note as president and CEO of TMIG.
13. On August 2, 2005, H. J. received an interest payment of \$2,000 from TMIG.
14. On September 6, 2005, H. J. received another interest payment of \$408 from TMIG.
15. Since September 2005, H. J. has received no return of principal or interest on her investments with TMIG.

(Investor B. S.)

16. Investor B. S. first heard about the investment opportunity with TMIG from Investor H. J. in or around June 2005.
17. A couple of days after talking to H. J. about TMIG, B. S. telephoned Debenham to discuss the investment in more detail.
18. Debenham, through his employee Bryan B., told B. S. the following:
  - a. that TMIG used investor money for "property flipping", which was the process of buying homes, making improvements on the homes, and then reselling the homes for a profit;

- b. that investor money would be secured by equity in the purchased homes and a promissory note;
  - c. that TMIG had been involved in “property flipping” for two years; and
  - d. that the return on the investment would be 1% per month, which would be mailed in monthly payments.
19. On July 14, 2005, B. S. invested \$70,000 in TMIG by wiring the money through an electronic funds transfer to TMIG’s bank account at the Bank of American Fork branch located in Murray, Utah.
20. As evidence of his investment, B. S. received two promissory notes from TMIG, both dated July 13, 2005. One note was for \$51,000, and the other was for \$20,200.<sup>2</sup> Both notes matured on January 15, 2006. Debenham’s signature appeared on the note as president and CEO of TMIG.
21. In August 2005, B. S. received his first interest payment from TMIG of \$1,424, which included a late fee.
22. Since August 2005, B. S. has received no return of principal or interest on his investment with TMIG.

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<sup>2</sup>Although B. S. actually invested \$70,000, the combined face value of his notes was \$71,200 because investors received an additional 1 to 2% upon investing.

(Investor T. H.)

23. Investor T. H. said first heard about the investment opportunity with TMIG from Investor H. J., in or around July 2005.
24. A couple of days after talking to H. J. about the investment opportunity, T. H. called Debenham to find out more about the investment.
25. Debenham offered T. H. the three following investment opportunities:
  - a. TMIG would form a corporation with the investor and use the investor's credit line to acquire properties. The properties would be owned by the corporation and be managed by TMIG. When the properties sold, profits would be divided between the two members of the corporation (TMIG and the investor);
  - b. TMIG would use investor money to fund construction of a new home. Once the home sold, the investor would receive a portion of the profits; or
  - c. Investor money would be used to purchase properties. Investor money would be needed for only 30-60 days until long-term mortgages could be put in place. All investments would be secured by real estate.
26. Debenham also said he had been investing in real estate for about 3½ years; that the investment would produce a return of 1% per month and matured in four months; that investors could reinvest after the initial investment period; that TMIG owned enough

property to cover any possible losses; and that there was no risk because the investment was backed by real property.

27. On August 3, 2005, T. H. invested \$50,000 in TMIG by wiring the money through an electronic transfer to TMIG's bank account at the Bank of American Fork branch located in Murray, Utah.
28. As evidence of his investment, T. H. received a promissory note dated August 2, 2005, with a face value of \$51,000<sup>3</sup>, and a maturity date of December 1, 2005. The note stated that T. H. would receive interest payments on the first day of each month starting on September 1, 2005. Debenham's signature appeared on the note as president and CEO of TMIG.
29. T. H. received an interest payment of \$510 from TMIG in September 2005.
30. Since September 2005, T. H. has received no return of principal or interest from her investment with TMIG.

### **CAUSES OF ACTION**

#### **COUNT I**

#### **Securities Fraud under § 61-1-1 of the Act (The Millionaire Investor Group, Inc. & Daniel D. Debenham)**

31. The Division incorporates and re-alleges paragraphs 1 through 30.

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<sup>3</sup>Although T. H. actually invested \$51,000, the face value of his note was \$51,000 because investors received an additional 1 to 2% upon investing.

32. The investment opportunity offered and sold by TMIG and Debenham is a security under § 61-1-13 of the Act.
33. In connection with the offer and sale of a security to investors, TMIG and Debenham, directly or indirectly, made the following false statements:
- a. That there was no risk because the investment was secured by real property, when in fact, the Respondents did not secure any of the investments with real property;
  - b. That investor money would be used to purchase real property, when in fact, investor money was used to pay mortgage payments on existing property owned by TMIG, and to pay TMIG's operating expenses, payroll, and some of Debenham's personal expenses;
  - c. Debenham told H. J. that when a piece of real property sold, she would receive her principal along with interest of 12%, when in fact, Debenham had no reasonable basis on which to make this representation;
  - d. Debenham told T. H. that he would receive 1% per month for four months on his investment, and after four months, T. H. could get his or her principal back, when in fact, Debenham had no reasonable basis on which to make this representation;  
and



- e. Debenham instructed Bryan to tell B. S. that he would receive 1% per month on his investment, and that payments would be mailed to B. S. monthly, when in fact, Debenham had no reasonable basis on which to make this representation.
34. In connection with the offer and sale of a security to investors, TMIG and Debenham, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:
- a. That TMIG representatives were selling securities in or from Utah without a license;
  - b. Whether the investment was a registered security, or exempt from registration;
  - c. Relevant information regarding Debenham's business experience;
  - d. TMIG's financial statements, showing its financial condition and the results of its operations;
  - e. The market for TMIG's services;
  - f. TMIG's track record to other investors;
  - g. Risk factors involved in investing with TMIG;
  - h. Whether or not TMIG representatives received a commission or compensation for selling the investment;
  - i. That TMIG was three months behind on its office space rent; and

j. That two of Debenham's creditors had received judgments against him in Utah's Third District Court.

35. Based upon the foregoing, TMIG and Debenham willfully violated § 61-1-1 of the Act.

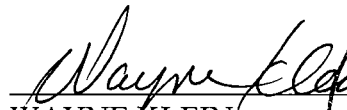
### **ORDER**

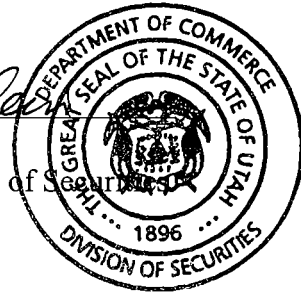
The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Tuesday, May 2, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. If Respondents fail to file an answer or appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

1. Why The Millionaire Investor Group, Inc. and Daniel D. Debenham should not be found to have willfully engaged in the violations alleged by the Division in this Order to Show Cause;
2. Why The Millionaire Investor Group, Inc. and Daniel D. Debenham should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

3. Why The Millionaire Investor Group, Inc. should not be ordered to pay a fine of twenty-five thousand dollars (\$25,000) to the Division of Securities; and
4. Why Daniel D. Debenham should not be ordered to pay a fine of twenty-five thousand dollars (\$25,000) to the Division of Securities.

DATED this 28<sup>th</sup> day of March 2006.

  
WAYNE KLEIN  
Director, Utah Division of Securities



Approved:

  
JEFF BUCKNER  
Assistant Attorney General

J.S.

Division of Securities  
Utah Department of Commerce  
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**IN THE MATTER OF:**

**THE MILLIONAIRE INVESTOR  
GROUP, INC., and  
DANIEL D. DEBENHAM,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

**Docket No. SD-06-0013  
Docket No. SD-06-0014**

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.


Within thirty (30) days of the mailing date of this notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause. A hearing date has been set for Tuesday, May 2<sup>nd</sup>, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah.

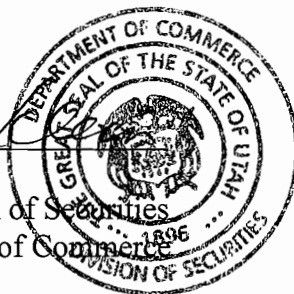
If you fail to file a written response, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648.

Your written response should be filed with the Division, attention Pam Radzinski, P.O. Box 146760, Salt Lake City, Utah 84114-6760. A copy also should be mailed to the Division's attorney, Jeff Buckner, Assistant Attorney General in the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City Utah 84114-0872, telephone (801) 366-0310. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to Jeff Buckner.

**DATED** this 28<sup>TH</sup> day of March, 2006.

  
WAYNE KLEIN  
Director, Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 28TH day of March, 2006, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

**The Millionaire Investor Group, Inc.  
14795 S. Golden Leaf Court  
Draper, UT 84020**

Certified Mail # 7004 2510 0006 1196 9858

**Daniel D. Debenham  
10672 Savannah Drive  
Sandy, UT 84094**

Certified Mail # 7004 2510 0006 1196 9865

PAMARA RADZINSKI  
Executive Secretary